

1 THE HONORABLE JOHN C. COUGHENOUR
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7 UNITED STATES DISTRICT COURT
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 FEDERAL TRADE COMMISSION,

11 Plaintiff,

12 v.

13 AMAZON.COM, INC.,

14 Defendant.

15 No. 2:14-CV-01038-JCC

16 **DECLARATION OF HARRY H.
17 SCHNEIDER, JR., IN SUPPORT OF
18 AMAZON.COM, INC.'S RESPONSE
19 TO THE FTC'S MOTIONS TO SEAL**

20 NOTED ON MOTION CALENDAR:

21 Friday, March 4, 2016
22 & March 11, 2016

23 I, Harry H. Schneider, Jr., declare as follows

24 1. I am an attorney at Perkins Coie LLP and one of the attorneys representing
25 Amazon.com, Inc. ("Amazon") in this matter. I make this declaration based upon personal
26 knowledge as to which I am competent to testify.

27 2. Amazon has withdrawn the confidentiality designation for the portion of the
28 spreadsheet Bates numbered Amz_FTC_0042548 that the FTC filed under seal as Exhibit 539.
29 Attached hereto as **Exhibit A** is an unredacted copy of Exhibit 539.

30 3. Amazon has carefully applied redactions to the following exhibits to minimize the
31 amount of information maintained under seal: Exhibits 538 and 544. Attached hereto as
32 **Exhibit B** is a redacted version of Exhibit 538. Attached hereto as **Exhibit C** is a revised
33 redacted version of Exhibit 544.

34 DECLARATION OF HARRY H. SCHNEIDER, JR.
35 (No. 2:14-CV-01038-JCC) – 1

36 24976-0374/130083426.1

37 **Perkins Coie LLP**
38 1201 Third Avenue, Suite 4900
39 Seattle, WA 98101-3099
40 Phone: 206.359.8000
41 Fax: 206.359.9000

I declare under penalty of perjury that the foregoing is true and correct.

EXECUTED at Seattle, Washington, this 2nd day of March, 2016.

s/ Harry H. Schneider, Jr.
Harry H. Schneider, Jr.

DECLARATION OF HARRY H. SCHNEIDER, JR.
(No. 2:14-CV-01038-JCC) - 2

CERTIFICATE OF SERVICE

I certify that on March 2, 2016, I electronically filed the foregoing Declaration of Harry H. Schneider, Jr., In Support of Amazon's Response to the FTC's Motion to Seal with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to attorneys of record.

I certify under penalty of perjury that the foregoing is true and correct.

DATED this 2nd day of March, 2016.

s/ Harry H. Schneider, Jr.

DECLARATION OF HARRY H. SCHNEIDER, JR.
(No. 2:14-CV-01038-JCC) - 3

Exhibit A

Exhibit A

MASTER APP LIST (2A - 2P)														
Highly Confidential Internal Data of Amazon.com. Produced pursuant to 15 U.S.C. § 57b-1, under expectation of confidentiality of 15 U.S.C. § 57b-2														
NO.	PARENT ASIN	TITLE	VENDOR	Who submitted app description & permissions?	Was the app description reviewed or approved by Amazon?	Were changes to the app description mandated or requested by Amazon?	Who wrote the IAP disclosure?	Were IAP disclosures reviewed or approved by the Amazon?	Were any changes to the IAP disclosure mandated by Amazon?	Was the price of each IAP item mandated by Amazon?	Describe any price changes to IAP items mandated by Amazon	Who determined or submitted the app content rating?	Was the app rating reviewed or approved by Amazon?	Describe any content rating changes mandated or requested by Amazon
1	B004TP2E70	GUN BROS MULTIPLAYER	Glu Mobile Inc.	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
2	B0050KDT5K	Farm Story	TeamLava	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
3	B0057J06HQ	Office Jerk Free	Fluik Entertainment Inc.	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
4	B0058VW36U	Cut the Rope	ZeptoLab	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
5	B00599ZRSC	Contract Killer	Glu Mobile Inc.	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
6	B005KCQZ2K	Pretty Pet Salon	Animoca	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
7	B005LIYX5Y	Drag Racing	Creative Mobile OU	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
8	B005SXQ26U	My Country	Game Insight	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes

19	B006MK63XK	CONTRACT KILLER: ZOMBIES	Glu Mobile Inc.	Glu Mobile Inc.	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
20	B006OC2ANS	BLOOD & GLORY	Glu Mobile Inc.	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
21	B006OC9ZTK	Dress Up! Fashion	SGN	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
22	B006OCM0GO	Restaurant Story	TeamLava	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
23	B006OCM13M	Bakery Story	TeamLava	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
24	B006PH7WBM	Fashion Story	TeamLava	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
25	B00773TROI	Dress Up! Valentine's Day!	SGN	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
26	B007BI7JIA	NFL Pro 2012 (Kindle Fire Edition)	Gameloft	Gameloft	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
27	B007D66QZW	Tappily Ever After	Pocket Gems	Pocket Gems	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
28	B007F1SLC6	GT Racing: Motor Academy Free+ (Kindle Fire Edition)	Gameloft	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes

39	B007OXASB2	Pet Shop Story	TeamLava	TeamLava	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
40	B007P6T52G	Robinson	Pixonic	Pixonic	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
41	B007PT3QOQ	The Oregon Trail: American Settlers (Kindle Fire Edition)	Gameloft	Gameloft	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
42	B007Q3KX42	Fluff Friends Rescue	SGN	SGN	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>(Disclosure language re-inserted after September 2012 audit.)</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
43	B007RFZ3YE	Zoo Story 2	TeamLava	TeamLava	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>(Disclosure language re-inserted after September 2012 audit.)</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
44	B007SYWFRM	Ice Age Village (Kindle Fire Edition)	Gameloft	Gameloft	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>(Disclosure language re-inserted after September 2012 audit.)</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
45	B007TBAQCK	Slotomania	Playtika	Playtika	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>(Disclosure language re-inserted after September 2012 audit.)</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
46	B007URBVA4	Lets Bowl 2	SideBUMP Studios	SideBUMP Studios	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>(Disclosure language re-inserted after September 2012 audit.)</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
47	B007V2UGPE	SAMURAI vs ZOMBIES DEFENSE	Glu Mobile Inc.	Glu Mobile Inc.	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
48	B007VCVCAM	Garfield's Defense: Attack of the Food Invaders	Web Prancer	Web Prancer	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes

49	B007VT07QU	The Island: Castaway Free	G5 Entertainment, Inc.	G5 Entertainment, Inc.	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>Disclosure language re-inserted after September 2012 audit.</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
50	B007XKEY6Q	Draw Something Free (Kindle Fire Edition)	OMGPOP	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
51	B00724AKQI	DEER HUNTER RELOADED	Glu Mobile Inc.	Glu Mobile Inc.	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
52	B00801OHLW	LIL KINGDOM	Glu Mobile Inc.	Glu Mobile Inc.	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
53	B008171UVM	Crime City	Funzio	Funzio	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>Disclosure language re-inserted after September 2012 audit.</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
54	B0081JPTXK	DoubleDown Casino	DoubleDown Interactive, LLC	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
55	B0081UFSGC	Tiny Zoo Friends	TinyCo	TinyCo	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>Disclosure language re-inserted after September 2012 audit.</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
56	B008225GW0	Tap Dragon Park	Pocket Gems	Pocket Gems	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>Disclosure language re-inserted after September 2012 audit.</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
57	B00846GKTW	Style Me Girl	Frenzoo	Frenzoo	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <i>Disclosure language re-inserted after September 2012 audit.</i>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
58	B0085N9I84	Monster Park	Kiwi, Inc.	Kiwi, Inc.	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes

59	B0086700CM	Temple Run	Imangi Studios, LLC	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
60	B0087TQYUG	Scramble With Friends Free	Zynga Game Network	Zynga Game Network	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
61	B0087TUZII	Rule The Kingdom	Game Insight	Game Insight	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
62	B0088QGB7Y	Smurfs Village	Beeline Interactive, Inc.	Beeline Interactive, Inc.	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
63	B0089M929G	Cartoon Wars	GAMEVIL, Inc	GAMEVIL, Inc	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
64	B008CFVG58	Garfields Diner	Web Prancer	Web Prancer	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. Disclosure language re-inserted after September 2012 audit.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
65	B008CG839O	Fashion Icon (Kindle Fire Edition)	Gameloft	Gameloft	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. Disclosure language re-inserted after September 2012 audit.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
66	B008D2QRAO	Slots Journey	Murka Limited	Murka Limited	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
67	B008H4MVRG	Tap Pet Hotel	Pocket Gems	Pocket Gems	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
68	B008JJ7XYK	Tiny Monsters	TinyCo	TinyCo	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes

69	B0080OYALE	Dragon Story	TeamLava	TeamLava	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
70	B005BE65UO	BIG TIME GANGSTA	Glu Mobile Inc.	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
71	B0061S07P8	Block Breaker 3 Unlimited (Kindle Fire Edition)	Gameloft	Gameloft	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
72	B0064XT03U	Asphalt 6: Adrenaline (Kindle Fire Edition)	Gameloft	Gameloft	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. <small>Disclosure language re-inserted after September 2012 audit.</small>	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
73	B006RAX9OQ	Warp Rush	SGN	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
74	B0078TD3HI	Wind-up Knight (Kindle Fire Edition)	Robot Invader	Amazon	Yes. Amazon reviewed the developer's content and helped write the description.	Yes. Amazon has the contractual right to change an app's description. Amazon created this product description with the developer's assistance.	Content Operations team.	Yes by Appstore Management.	Amazon helped create the app product description, so it had the authority to add the IAP disclosure.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
75	B007TO3JW6	Big Win Slots	Mobile Deluxe	Mobile Deluxe	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
76	B0081UJCIM	Brothers In Arms 2: Global Front Free+ (Kindle Fire Edition)	Gameloft	Gameloft	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
77	B00876UUNG	Monster Galaxy: The Zodiac Islands	Gaia Interactive, Inc	Gaia Interactive, Inc	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
78	B008AVPMLI	Cartoon Wars: Gunner+	GAMEVIL, Inc	GAMEVIL, Inc	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes

79	B008J1ZVRY	Temple Run: Brave	Disney	Disney	Amazon has an automated verification system software that reviewed this app and scanned for explicit keywords.	No.	Content Operations team.	Yes by Appstore Management.	No.	No. Developers set their own prices within our min/max constraints of \$0.99 and \$99.99.	None	Amazon requires all apps with IAP functionality to include IAP disclosure. Disclosure language re- inserted after September 2012 audit.	If the app content was flagged by the automated system for having explicit keywords, then the content rating would be reviewed by a member of the Content Operations team.	Not aware of any mandated changes
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Exhibit B

Exhibit B



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October 8, 2012

Via email

Duane Pozza
Federal Trade Commission
601 New Jersey Avenue N.W. NJ-3156
Washington, D.C. 20001

Re: Initial Response to Civil Investigative Demand by Amazon.com, Inc.
FTC File No. 082-3247

Dear Mr. Pozza:

This letter sets forth Amazon.com, Inc.'s ("Amazon") initial responses to the Civil Investigative Demand served by the Federal Trade Commission on August 28, 2012, as modified in Jessica Rich's letter of September 28, 2012, as well as my correspondence to you of September 25 and 27, 2012. Amazon submits its responses with the expectation that the information and documents provided will remain confidential under 15 U.S.C. § 57b-2.

We look forward to speaking with you on October 10 and working with you to resolve whatever concerns about in-app purchasing through Amazon's Appstore the FTC might have.

Responses to Specifications

Interrogatory No. 1. Amazon is providing information about its 25 Top Revenue Apps and 25 Top Refund Apps, as measured by revenue and refunds from in-app purchasing on a monthly basis. This data set is somewhat larger than the data set you requested in the CID. Data and other information responsive to this and other interrogatories are available in the Excel workbook titled "Data for FTC re: In-App Purchasing," produced to the FTC via file transfer protocol on October 8, 2012. Information responsive to Interrogatory No. 1 is located in the following tabs in that workbook:

Interrogatory subpart and summary	Workbook tab
1(a) – App name and developer	App Details
1(b) – Time period offered	App Details

Interrogatory subpart and summary	Workbook tab
1(c) – Content rating	App Details
1(d) – App offering price	App Details
1(e) – In-app purchase offerings and price	IAP Items
1(f) – Disclosure language	App Details
1(g) – Disclosure language during download	App Details
1(h) – Number of app downloads	App Installs
1(i) – Number of in-app purchases	IAP Units
1(j) – Gross revenue from app	App OPS
1(k) – Gross revenue from IAP	IAP OPS
1(l) – Amount paid to developer for app	APP COG
1(m) – amount paid to developer for in-app purchases	IAP COG
1(n) – Number of customer complaints	CS Contacts (information on total contacts, not app-specific)
1(o) – Number and amount of refunds	Customer IAP Refunds
1(p) – Revenue and refunds by price point	Price Points

Note: In March and April 2012, Amazon's Appstore was the target of a fraud campaign related to in-app purchases from a single app, "Order & Chaos." In that attack, malicious third parties used stolen credit card information to make multiple in-app purchases, and then resold the "coins" from those in-app purchases on secondary markets. As a result, Amazon refunded a significant amount of in-app purchases from Order & Chaos in April 2012. Apart from that attack, Order & Chaos would not be a Top 25 Revenue App or Top 25 Refund App. Therefore, we have not included Order & Chaos in the list of apps responsive to Interrogatory No. 1, although the revenue and refunds are included in Amazon's total refund and figures reported in the "Total Revenue & Refunds" tab in the Data for FTC re: In-App Purchasing workbook. We are happy to provide more data related to this incident if the FTC is interested.

Interrogatory No. 2. Information responsive to Interrogatory No. 2 for each of the Top Refund Apps is available on the "App Publishing" tab of the Data for FTC re: In-App Purchasing workbook. For the most part, however, the processes for app ingestion, description, pricing, and rating are largely standardized, as explained below.

Ingestion. The process for submitting proposed apps to the Amazon Appstore is simple. A developer need only visit the Amazon Mobile App Distribution Portal,

<https://developer.amazon.com/welcome.html>; create a developer account; and submit the app for review by Amazon. A developer may also download the Amazon Mobile App software development kit (“SDK”), available at <https://developer.amazon.com/sdk.html>. All apps must be submitted for review by Amazon, whether new or updates.

Once the developer submits the app, Amazon tests the app to ensure a good customer experience. The testing process may include a variety of automated and manual reviews to ensure the app works as described by the developer; does not harm a customer’s device or compromise their data; and complies with Amazon’s Mobile App Distribution Program Agreement and our Content Guidelines. Amazon’s Content Guidelines are as follow:

- *Offensive Content*: What we deem offensive is probably about what you would expect. We reserve the right to determine the appropriateness of all apps and to accept or reject any app at our discretion. We also have full discretion to publish maturity ratings for the apps.
- *Pornography*: We prohibit apps containing pornography or hard-core material that depict graphic sexual acts or sexually explicit material. This includes full nudity contained in your application or marketing materials. We also don’t allow content that drives traffic to pornography sites.
- *Illegal Activity*: Each app must comply with all applicable laws. We prohibit apps that promote or may lead to the production of an illegal item or illegal activity. Developers are responsible for researching to ensure that each app is in compliance with all local, state, national, and international laws.
- *Intellectual Property Infringement*: We prohibit any app to which you do not have the necessary rights to make available in Amazon or that violates our Copyright Policy (see below).
- *Privacy/Publicity Infringement*: We hold personal privacy in the highest regard. Therefore, we prohibit apps that infringe, or have the potential to infringe, upon an individual’s privacy, right of publicity, or that portray an individual in a false light. Celebrity images and/or celebrity names cannot be used for commercial purposes without permission of the celebrity or their management. This includes unauthorized celebrity image collections.
- *Copyright Policy*: Amazon’s Mobile App Distribution Program Agreement requires that you have ownership or license rights to the code and content (including advertising) included in any app. Do not upload any app if you do not have the rights listed in the Distribution Agreement. You are responsible for ensuring that you hold necessary rights to distribute the app through Amazon. If you are unsure if you own all rights to the app, please consult an attorney.
- *Country-Specific Restrictions*: Countries that we sell our apps in may have more restrictive standards than other countries for what qualifies as “Offensive

Content,” “Pornography,” or “Illegal Activity.” We reserve the right to restrict any app or IAP item from sale in any country where the sale or distribution of that app’s content would violate that country’s laws, cultural norms, or sensitivities.

Amazon also prohibits developers from selling the following items through in-app purchases:

- Any goods or services that are to be used outside of the app itself (other than digital content accessible both inside and outside your app)
- Any currency, credits, points, or other items or units that can be transferred from an end user to others and/or circulated as a medium of exchange
- A prepaid account that creates cash balances that end users can use to purchase additional in-app products
- Any gift cards
- Any lottery tickets
- Any event tickets, such as sporting event tickets or concert tickets
- Any illegal and potentially illegal products
- Any government documents, identification, birth certificates, passports, and licenses
- Any unauthorized and unlicensed products
- Any offensive material
- Any items that infringe upon an end user’s privacy
- Any insurance product
- Any listings for services, warranties, and other similar offerings
- Any product or service that is regulated by a government entity
- Any item that otherwise violates Amazon’s general content guidelines for apps

If Amazon determines that an app contains, facilitates, or promotes content that is prohibited by these guidelines, Amazon will reject the app submission and notify the developer using the e-mail address associated with the developer’s account. The vast majority of times Amazon has rejected an app during the review process have been due to technical problems with the app or due to violations of Amazon’s Content Guidelines or in-app purchasing rules. We are not aware of any instances when Amazon has rejected an app based on its in-app purchasing functionality.

Description. Amazon has the right to review and modify app descriptions on the app's detail page, and often does review or even write the descriptions, as indicated in the App Publishing tab of the Data for FTC re: In-App Purchasing workbook. As we have explained, however, Amazon does not track specific changes to app descriptions and therefore cannot state with certainty what was changed by whom for any specific app (with a significant exception noted below) without an extensive effort to recreate the app's history from emails or other records (if such documents even exist). The information we have provided, however, indicates generally the involvement of Amazon and developers in the apps' placement in the Amazon Appstore.

Amazon recently changed the descriptions of in-app purchasing for several of the Top Refund Apps, as indicated in the information we are providing. Amazon's policy is that all apps with in-app purchasing should include the following standard description of in-app purchasing:

PLEASE NOTE: This app lets you purchase digital content using actual money. You can configure parental controls for in-app purchases, which will require your Amazon account password or 4-digit PIN, by going to the Settings menu from within the Amazon Appstore.¹

During the initial review of an app, Amazon employees would insert this language into the product description on the detail pages of apps if the developer does not include it.

After receiving the CID, Amazon audited its descriptions of apps with in-app purchasing and discovered that this disclosure language was missing from some app descriptions. This omission was due to two facts: first, app developers were able to update their apps' descriptions and in doing so the new description would overwrite the description that included the in-app purchasing disclosure; and second, Amazon fell behind in its manual insertion process. Amazon has since manually inserted the disclosure language into each Top Refund App (and all other apps missing the disclosure language). In order to address the issue going forward, Amazon also has created an automated process to insert the disclosure language into the product description of apps with in-app purchasing. That automated process goes live October 8, 2012.

Pricing. As the seller of record for apps and in-app purchases, Amazon reserves the right to set the price of an app and its in-app purchases. In practice, however, Amazon generally sets its price at the list price suggested by the developer. One notable exception is when Amazon and the developer agree to offer an app as a Free App of the Day. Developers may adjust their list prices over time, and we generally adjust our prices accordingly, but list

¹ Amazon recently changed this disclosure language. Amazon will soon require apps with in-app purchasing to state:

PLEASE NOTE: This app lets you purchase digital content using actual money. On Kindle Fire, you can configure parental controls from the device Settings menu, and then selecting Parental Controls. On Android devices, you can configure in-app purchasing parental controls from the settings menu within the Amazon Appstore.

price adjustments by developers are infrequent. We have noted the historical pricing of the Top Refund Apps in the App Details and IAP Items tabs of the Data for FTC re: In-App Purchasing workbook.

Ratings. Amazon automatically generates content ratings for apps based on inputs provided by the app developers. During ingestion, the developer answers a series of questions about the presence of certain content in the app. Those answers drive the content rating. If the developer provides inaccurate information and thereby obtains an inappropriate rating, Amazon reserves the right to change the rating or even remove the app altogether.

Interrogatory No. 7. Amazon has made parental controls available for in-app purchasing since it launched the Kindle Fire in November 2011. Amazon has made those controls more robust over time. Amazon has focused its efforts in improving parental controls for the Kindle Fire, whose users account for approximately █% of downloads and purchases (including in-app purchases) through the Amazon Appstore.

a. Amazon has had three different versions of parental controls for the Kindle Fire and the Appstore. In all three versions, the default setting is that parental controls are off. On the Kindle Fire, parental controls are located on the devices' settings: Quick settings>More>Parental control. On the Appstore app for non-Kindle devices, the controls are located in the app settings: Menu>settings>parental controls.

Version 1 launched in November 2011 and was available both on the Kindle Fire and in the Amazon Appstore for Android app for non-Kindle devices. This version of parental controls allows users to disable in-app purchasing altogether, or require entry of the user's Amazon password or a 4-digit PIN for each in-app purchase. It is still the version used today in the Amazon Appstore for Android app.

Version 2 was released for the Kindle Fire in December 2011. This version allowed users the option of turning off Wi-Fi altogether, which disabled all purchasing, including in-app purchasing. Version 2 also made the parental control settings easier to locate on the Fire.

Version 3 became available on the Kindle Fire on May 4, 2012. Version 3 retains the ability to require a password or PIN to make an in-app purchase, the ability to disable Wi-Fi (and thus all purchasing) altogether, and the easier navigation to parental controls found in version 2. Version 3 also includes additional protections for the device generally: the ability to disable the web browser and block email, as well as the option to block specific types of content. This is the version on nearly all Kindle Fires today.

b. Nearly all current Kindle Fire owners have them most recent version (Version 3) of parental controls on their devices because the software updates automatically. The only way a current owner would not have the most recent version is if they have had their Wi-Fi turned off or have not used the device for an extended period of time. When the version of parental controls updates automatically, it preserves any prior parental control settings.

All users of the Amazon Appstore app on non-Kindle devices have version 1 of parental controls, as that is the only version available in the Amazon Appstore for Android app, which is required to download apps from the Amazon Appstore. However, Kindle Fire owners account for approximately █% of in-app purchases through the Amazon Appstore, so the overwhelming majority of purchases are made on devices with version 3 of the controls. Users of the Amazon Appstore—whether through the Kindle Fire or through a non-Kindle device—cannot use the Appstore without also having access to parental controls; those controls are embedded in the device (Kindle Fire) or app (for non-Kindle devices).

c. Amazon explains in-app purchasing and the availability of parental controls to customers in numerous ways.

The front page of the web-based version of the Appstore includes a hyperlink in the top left corner called “In-App Purchasing 101.” That link takes users to a webpage that explains the different types of in-app purchasing, as well as how to activate parental controls to limit or block such purchases. *See*
http://www.amazon.com/gp/feature.html/ref=mas_lftnav_IAP101?ie=UTF8&docId=1000788541&pf_rd_m=ATVPDKIKX0DER&pf_rd_s=browse&pf_rd_r=11DD2G8GJMEQTQYPPACE&pf_rd_t=101&pf_rd_p=1401963722&pf_rd_i=2350149011.

Amazon’s policy is to include the following standard disclaimer on the product detail pages of all apps with in-app purchasing:

PLEASE NOTE: This app lets you purchase digital content using actual money. You can configure parental controls for in-app purchases, which will require your Amazon account password or 4-digit PIN, by going to the Settings menu from within the Amazon Appstore.

This language appears in app detail pages in both the web-based Appstore and on app detail pages on devices (both Kindle Fire and non-Kindle devices).

Similarly, Amazon’s web-based help pages explain in-app purchasing and parental controls in two separate places. *See*
http://www.amazon.com/gp/help/customer/display.html/ref=hp_200790840_inapp?nodeId=200790840#inapp, and
http://www.amazon.com/gp/help/customer/display.html/ref=hp_k6apps_extras?nodeId=200729570#extras. Similar descriptions appear in the on-device help section of the Kindle Fire.

During the in-app purchase flow, Amazon again reminds customers of the existence of parental controls by indicating whether the controls are enabled at the order confirmation page. (Amazon also sends simultaneous email notification of an in-app purchase to the Amazon account holder’s email account.)

Finally, customers learn about parental controls if they contact Amazon’s customer service and request a refund for in-app purchases. For first time complaints about in-app purchasing, Amazon refunds the purchase price. But Amazon doesn’t simply provide a

refund; the customer service associate also gives the customer a tutorial about using parental controls and then sends the customer an email explaining parental controls and how to activate them. These email blurbs and customer service scripts are located in a document titled "CS KB Content Related to App or IAP Refunds or Refund Related Policies," produced October 8, 2012.

d. For these data, see the URL Visits tab in the Data for FTC re: In-App Purchasing workbook.

e. Parental controls settings are stored on individual customers' devices and are not sent to Amazon. As a result, Amazon does not have access to that information for its customers.

f. Installing updates to the Kindle Fire operating system or the Amazon Appstore for Android app does not reset in-app parental controls.

g. Soon after launching the Appstore, Amazon realized it was experiencing high refund and customer contact (i.e., complaint) rates for apps with high-dollar in-app purchases. High refund and customer contact rates are objective metrics of poor customer experience. Therefore, Amazon instituted a solution to bring down these refund rates and improve its customers' experiences with in-app purchasing. After studying the issue, Amazon imposed a requirement that all in-app purchases of \$20 or more require a password. That requirement exists today.

Interrogatory Nos. 8 &9. For responsive data, see the "Total Revenue & Refunds" tab in the Data for FTC re: In-App Purchasing workbook.

Interrogatory No. 10. For responsive data, see the CS Contacts tab in the Data for FTC re: In-App Purchasing workbook. Please note these data are not complete because Amazon only implemented more robust customer service reporting codes in June 2012. Also, due to time constraints we were not able to break out contacts by specific apps; instead, we have captured customer contacts for all apps. We are happy to provide additional information if you are interested.

Interrogatory No. 13. Amazon's industry-leading customer service team is an integral part of maintaining (and improving) the customer experience surrounding in-app purchasing.

The customer service experience starts with an immediate email to account holders when an in-app purchase is made on their account. This way, account holders can monitor their accounts for any unauthorized or accidental purchases.

If the account holder contacts customer service to complain about an authorized or accidental in-app purchase, customer service informs the account holder that Amazon's policy is that all sales of digital content are final, but then makes a one-time exception to the policy for all first-time refund requests. The customer service associate also provides a live

tutorial (via telephone, email or chat) on using parental controls. The customer service associate then sends the customer an email confirming the refund and providing additional information on using parental controls.

In general, the only times Amazon's customer service team would decline a customer's request for a refund for in-app purchases is because the customer had already requested and received a refund for a prior in-app purchase (as well as a tutorial on using parental controls). In practice, however, Amazon's customer service team regularly has refunded in-app purchases on second or even third requests for refunds from in-app purchasing. The customer service associates have discretion in making these refunds, although they ultimately must obtain approval from their supervisors.

DOCUMENT REQUESTS

Pursuant to our agreement set forth in Jessica Rich's letter of September 28, 2012, Amazon is producing numerous internal documents and policies relating to in-app purchasing. Amazon provided those documents through the file transfer protocol site on October 8. We believe these documents will give you a very good understanding of how Amazon developed its Appstore and in-app purchasing; Amazon's analysis of the issues relating to in-app purchasing refund rates; Amazon's evolution of parental controls to improve the customer experience relating to in-app purchasing; and Amazon's ideas for improving that customer experience.

Similarly, Amazon is providing the following documents requested in your letter of September 28:

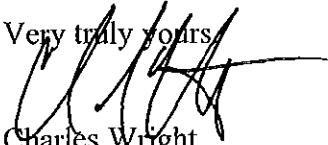
- A list and explanation of the codes or explanations used for requesting changes to or rejecting an app – *see “Blubs” from Amazon’s internal wiki.*
- Screenshots of the detail pages of each Top Refund app: the product descriptions from the detail pages are listed in the App Details tab in the Data for FTC re: In-App Purchasing workbook. Due to time constraints we were unable to provide actual screenshots, but are happy to do so if you still want them.
- Screenshots showing representative user experiences of in-app purchasing: we are providing screenshots showing the purchase flow for in-app purchases for Cut the Rope for the Kindle Fire, the Kindle Fire HD, and the Amazon Appstore for Android app. We are also providing screenshots showing the representative in-app purchasing experience with parental controls password-enabled; with parental controls blocking in-app purchasing; and with the password requirement for in-app purchases of \$20 or more. These experiences are materially identical for all apps.
- Screenshots showing a representative app ingestion workflow.

- Customer service response templates and FAQs relating to complaints about in-app purchasing – see “CS KB Content Related to App or IAP Refunds or Refund Related Policies.”

Various public-facing documents you have requested are available at the following locations:

- Amazon Appstore for Android Terms of Use: produced October 8, also available at <http://www.amazon.com/gp/feature.html/?docId=1000667601>;
- In-app Purchasing 101: produced October 8, also available at http://www.amazon.com/gp/feature.html/ref=mas_lftnav_IAP101?ie=UTF8&docId=1000788541&pf_rd_m=ATVPDKIKX0DER&pf_rd_s=browse&pf_rd_r=0CNYMCKKS348XVHB7FJE&pf_rd_t=101&pf_rd_p=1401963722&pf_rd_i=2350149011;
- Description of in-app purchasing and parental controls in Appstore help pages: produced October 8, also available at http://www.amazon.com/gp/help/customer/display.html/ref=hp_left_sib?ie=UTF8&nodeId=200790840;
- Description of in-app purchasing and parental controls in Kindle Fire help pages: produced October 8, also available at http://www.amazon.com/gp/help/customer/display.html/ref=hp_k6apps_extras?nodeId=200729570#extras;
- Appstore App Distribution agreement: produced October 8, also available at <https://developer.amazon.com/help/da.html>; and
- Resources and information available to app developers, produced October 8, also available at <https://developer.amazon.com/welcome.html>.

Finally, due to time constraints, we were unable to compile the list of apps offered by the application developers we identified in response to Interrogatory No. 1, as well as data you have requested about those apps (i.e., number of complaints, refund requests, and refunds for those apps). We can provide that information in the near future if you remain interested in it.

Very truly yours

Charles Wright

cc: Andrew DeVore
Ryan McCrate
Aaron Rubenson

Exhibit C

Exhibit C

4 FEDERAL TRADE COMMISSION,)
5 Plaintiff,)
6 vs.) Case No.
7 AMAZON.COM, INC.,) 2:14-cv-01038-JCC
8 Defendant.)

9 VIDEOTAPED 30(B)(6) DEPOSITION OF AARON C. RUBENSON
10 October 2 2015

Seattle, Washington

***** Confidential *****

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22 Coie, 1201 Third Avenue, Suite 4900, Seattle, Washington,
23 before John M.S. Botelho, CCR, RPR, Certified Court Reporter.

24

25

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22 Also present: Melody Sorensen, videographer
23 Charles Wright,
24 Amazon senior corporate counsel

25

Rubenson 30(b)(6) - Confidential
FTC v. Amazon.com, Inc. 10/2/2015

1 Amazon Appstore, did you have a sense of the kinds of
2 apps those developers would be launching?

3 A Typically we would know which apps -- we certainly
4 would know which apps developers had live in our
5 catalog. We might have some indication of their
6 future roadmap, but not always. It varied a little
7 bit in the level of detail developers would share.

8 Q At your last deposition, I think there was some
9 discussion about your awareness of reports of in-app
10 charges by kids on other platforms. And I don't want
11 to go over old ground unnecessarily.

12 A Thank you.

13 Q But -- but just to talk about this a bit, is it your
14 recollection that you had heard of reports of in-app
15 charges by kids in apps on other platforms prior to
16 launch of the Appstore?

17 MR. SCHNEIDER: Object to the form
18 of the question. I think the testimony at Pages 24,
19 25, and 27 of the prior deposition referred to
20 published articles as opposed to reports. With that
21 clarification, you can go ahead and answer the
22 question. Although I concur with Mr. Pozza, we will
23 not dwell on subjects that you've already covered in
24 your prior deposition. You can answer that.

25 THE WITNESS: My answer would be --

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1 would be the same. We read articles. I remember one
2 particular article in the press that talked about, I
3 believe it was a representative maybe from -- I think
4 from Massachusetts that was going to look into
5 reports that children were -- were making in-app
6 purchases that parents were not happy with.

7 Q (By Mr. Pozza) Were you aware of -- referring to
8 those reports that you were aware of, were you aware
9 of specific apps in which these unwanted purchases
10 took place?

11 A I don't -- I don't remember if I was aware, if a
12 specific app or game was mentioned in the -- in the
13 report, no.

14 Q Were you aware whether any of the app developers that
15 signed up for the in-app purchasing beta had had
16 issues with unwanted purchases by kids on other
17 platforms?

18 A I don't remember that either.

19 Q Did you or anyone at Amazon, to your knowledge,
20 discuss with app developers who signed up for the
21 beta whether they had encountered issues with
22 unwanted in-app purchases by kids on other platforms?

23 A I don't believe we -- when we were signing developers
24 up, I don't believe we did discuss that. Obviously
25 as we've discussed together, as once we launched our

1 they also had 1-Click. We carry that convenience
2 forward from our websites to these devices so that
3 you could have, you know, pretty much any book that
4 was out there in the world available to you within 60
5 seconds by -- through 1-Click. And then we carried
6 that brand forward to the Fire devices, the -- first
7 the Kindle e-readers, and then it became the Kindle
8 Fire tablets. "Kindle" was actually in the name.

9 So we're trying to carry this brand equity of the
10 convenient shopping experience forward to our
11 devices. And by adding a password challenge for
12 items over \$20, we're breaking that paradigm. We're
13 going the wrong way from -- from a -- from a
14 convenience standpoint.

15 Q Did you consider -- would you consider a drop in the
16 conversion rate for in-app purchases to be a cost of
17 adding the password prompt?

18 A Possible. Certainly. Possible. A couple thoughts
19 on that. Retail -- I mentioned this in my -- in my
20 last deposition also. Retail is an interesting
21 business. Because you always have multiple
22 constituents. You have your customers. You have to
23 provide a delightful shopping experience for your
24 customers or they won't come back to you and you're
25 not a viable business.

1 You also have your suppliers. In this case,
2 that's mobile application developers for us. They
3 also have to be selling things and making money, or
4 they'll no longer be your suppliers. And -- and we
5 have this notion of the -- the flywheel that says --
6 you have probably seen it on the Web. Jeff Bezos's
7 original vision for -- for Amazon is you have -- you
8 attract customers, which drives traffic, which drives
9 sales, which tracks sellers, which means you have
10 more selection, which attracts more customers, and
11 that becomes a perpetual motion machine which drives
12 business.

13 So back to your question. Certainly we're aware
14 of the potential for any action we take to increase
15 or decrease revenue for our developers in this case.
16 That doesn't mean that we don't take actions that we
17 think might decrease conversion and decrease sales.
18 We often -- we often do -- we did, as you've seen in
19 all the steps that we took.

20 And, you know, and frankly, at this stage in our
21 development, the amount of revenue being generated by
22 the Appstore is -- was immaterial to Amazon overall.
23 So our -- our considerations at this step were, you
24 know, having good experience so that our customers
25 would come back so that we could keep growing and

1 the settings for your account for a particular
2 category when what you asked -- the process you
3 initiated was a specific transaction.

4 Q And what's the basis of your conclusion about what
5 consumer expectations are when they see this June
6 2014 password prompt?

7 A Primarily my -- just my judgment, having been
8 designing e-commerce and mobile experiences for --
9 for many years, typically -- again, one of our --
10 maybe not again. I don't think I've said this yet
11 today. One of our design principles is that
12 customers should know what's going to happen at the
13 next step before they get there. In other words, if
14 you click on a link or click on a button, as a
15 customer, you should be able to predict what's going
16 to happen next, because that -- that makes it a low-
17 cognitive-load, low-friction, low-stress process.
18 And so you'll see examples of that all over the
19 website.

20 In this case, that's not the experience we have.
21 The customer has clicked -- they've started a flow to
22 complete a certain transaction, and suddenly we're
23 presenting them with a choice that I think most
24 customers would not predict. And so it's -- it's a --
25 it's a deviation from this design principle of having

1 customers know what's coming next.

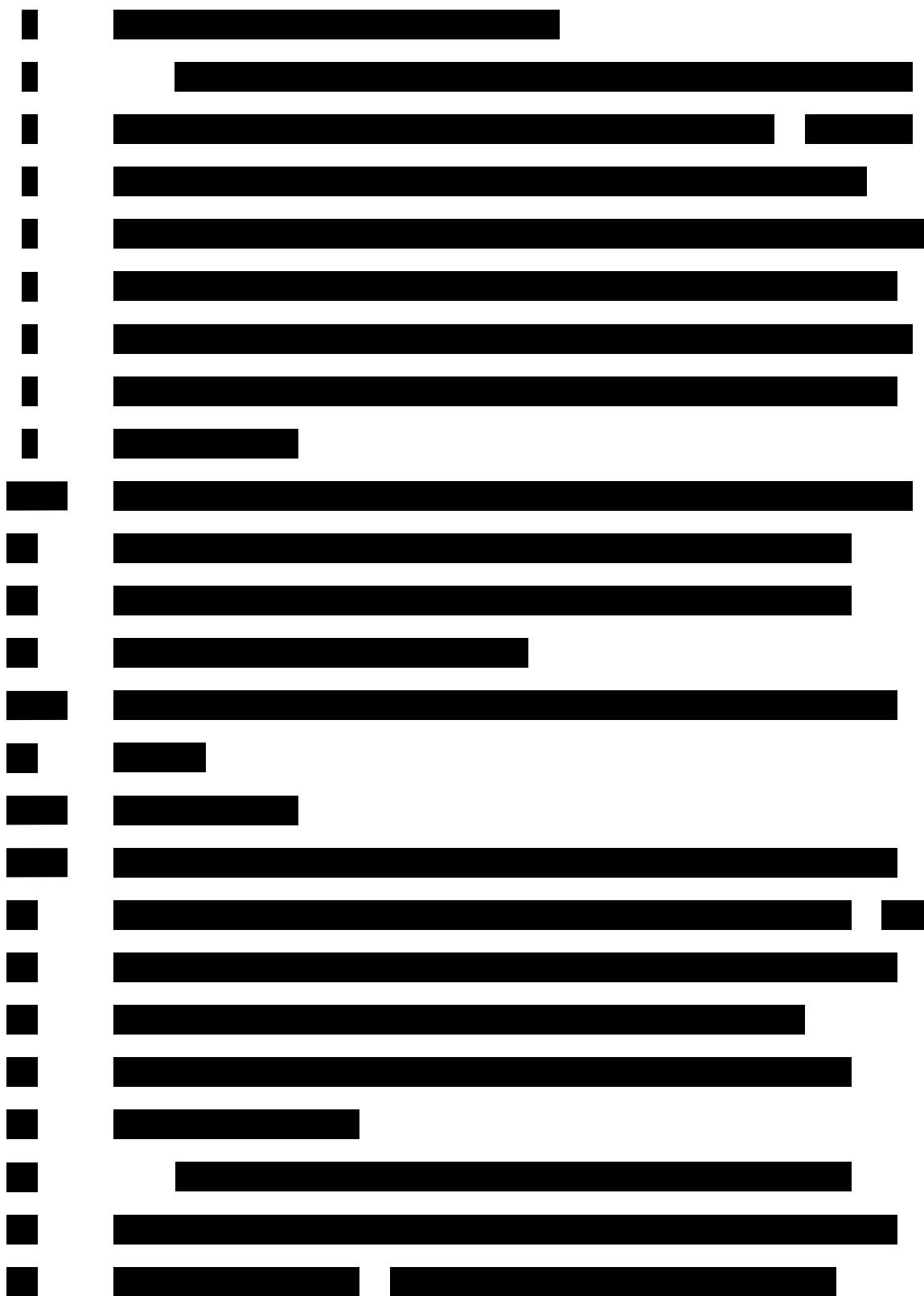
2 Q Are there other situations when a consumer is trying
3 to complete an in-app purchase transaction in which a
4 password prompt appears?

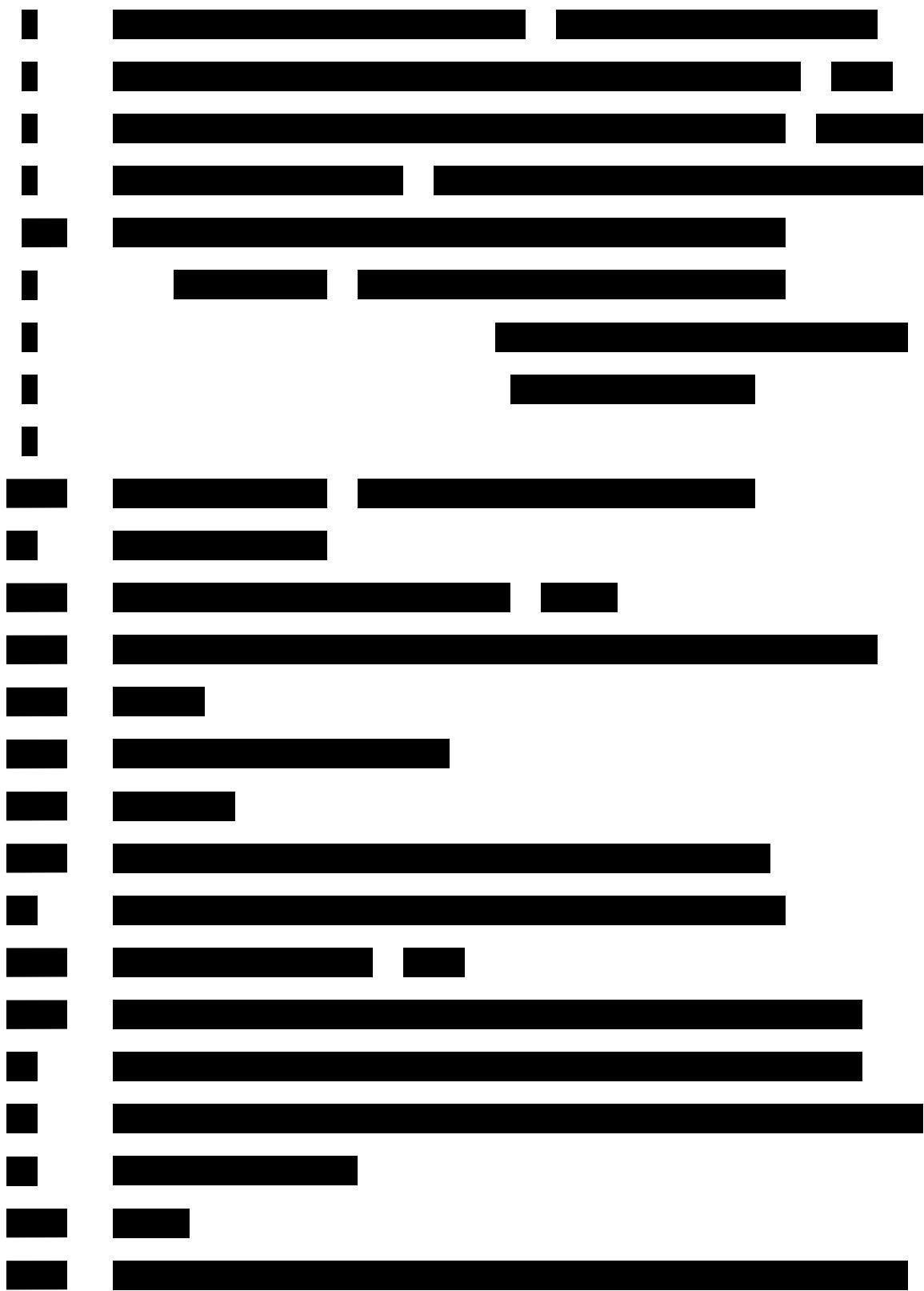
5 A All of the examples that we've talked about today
6 where we have decided to implement the password
7 prompt to drive down our refund rates, I think, are
8 examples of that.

9 Q And do you consider those to be deviations from
10 consumer expectations from a design perspective, as
11 you've put it?

12 A I think it's -- I think it's slightly different. I
13 do consider them to be friction, as we've discussed.
14 I consider them to be deviations from the 1-Click
15 experience that we believe customers expect and want
16 on these devices. It's, I think, less of a deviation
17 than what we implemented in June. Because at the end
18 of a day -- at the end of the day, the customer is
19 completing a transaction.

20 And so for a reasonable consumer, it probably
21 doesn't seem like too much of a non sequitur that
22 they might have to enter their password to complete a
23 transaction. It's related to the thing they're
24 doing. So I think it's -- it's less of a deviation,
25 although it is a deviation from what we believe is





1 buy, et cetera. Those are not controlled but us and
2 not -- not always present, but that would be the
3 other thing I could think of.

4 Q As part of the way that the Amazon Appstore in-app
5 purchase flow was designed, did you consider whether
6 Amazon was getting authorization for in-app purchases
7 made by kids on their parents' devices?

8 A Yes.

9 Q And when was that considered?

10 A During the design process. We settled upon our --
11 our flow and also the copy associated with that flow
12 and the corresponding adjustments that we were going
13 to make to the store and our help pages. When we --
14 so I would say at multiple stages in that -- that
15 design and development process of the materials that
16 we were going to make live on -- on November 15th.

17 Q As part of your design process for launching the
18 Amazon Appstore in-app purchasing flow, did you
19 consider that kids might make in-app purchases
20 without obtaining parental consent?

21 A We did. As I mentioned earlier today, we -- we saw
22 the press articles, knew that there was a potential
23 for this. And that was the reason that we launched
24 with parental controls from the beginning. And,
25 frankly, we thought that the -- as you know from the

1 documents we've produced, we did benchmark Apple's
2 experience, we benchmarked Google's experience.
3 Apple at that time -- I'm sorry. Google didn't
4 have in-app purchasing early in our design. They
5 launched as we were designing our own. But compared
6 to Apple, we thought our experience was -- was
7 significantly better in terms of notification. Had
8 clear parental controls. Had instant and distinct
9 order confirmation e-mails for each and every in-app
10 item, where they batch theirs, sometimes over many
11 hours. Had -- made it very easy for customers to
12 contact our customer service and seek and get
13 refunds, where that was very difficult, we found, as
14 we were doing our benchmarking with Apple.

15 So we were aware that there was a potential for
16 this. And we thought -- and we tried to design an
17 experience that would address that, so that our
18 customers would have a great experience.

19 As we've discussed, clearly, our efforts were not
20 necessarily sufficient to prevent the accidental
21 purchasing, and so we've worked hard since then to
22 make it better. But we were aware.

23 Q To your knowledge, does Apple have -- at the time of
24 the launch of the Amazon Appstore, to your knowledge,
25 did Apple have parental controls for in-app

1 purchasing?

2 A I believe they did have a rough form of parental
3 controls.

4 Q And at the time of launch of Amazon Appstore, did
5 Apple prompt with a password prior to the first
6 in-app purchase?

7 A I believe they did.

8 Q We talked earlier about the decision to enable
9 1-Click purchasing for in-app purchasing by default
10 and the potential benefits of that, right?

11 A Yes.

12 Q Were there any potential benefits in your mind from a
13 competitive standpoint to launching in-app purchasing
14 on the Amazon Appstore with 1-Click purchasing
15 enabled by default?

16 A That's -- that's really not how we -- how we thought
17 about it. We're -- we're aware -- certainly aware of
18 what the competition does, but we don't -- we don't
19 design for our competitors. We design for our
20 customers. And so we think about what -- what our
21 customers need and what they'll expect based on
22 interacting with Amazon.com. And we work back from
23 that to try and design the best possible experience.
24 So again, in this case, our goal was to be consistent
25 with what we thought customers -- we believe